

STATEMENT BY THE HONORABLE ART ONDISH, PRESIDENT,
NEW JERSEY STATE LEAGUE OF MUNICIPALITIES AND MAYOR,
MOUNT ARLINGTON
CONCERNING S-2794
BEFORE THE SENATE BUDGET AND APPROPRIATIONS COMMITTEE
THURSDAY, DECEMBER 8, 2011
TRENTON, NJ

Thank you, Chairman Sarlo and Members of the Senate Budget and Appropriations Committee. I am Art Ondish, Mayor of Mount Arlington and President of the League of Municipalities. Thank you for giving me this opportunity to present the League's perspective on S-2794 – an act promoting the more effective operation of local government and the sharing of services among local units.

First, we want to thank Senator Sweeney and his staff for involving Mayors and county officials in the early work on this issue. We particularly appreciate the inclusion of League Immediate Past President, Mayor Chuck Chiarello of Buena Vista Township, and League Past President, Mayor David DelVecchio of Lambertville on this. The League's Inter-local Services/Management Coordinator, Greg Fehrenbach, was also invited to submit recommendations. A number of drafts were discussed and a number of the provisions in the current version of the bill reflect recommendations made by Mayors Chiarello and DelVecchio and by Mr. Fehrenbach.

We share with Senator Sweeney the commitment to provide meaningful, lasting relief to New Jersey's property taxpayers. His leadership in promoting shared services is part of that commitment. By removing or reducing many of the roadblocks that increase the costs of shared services – things like terminal leave pay, civil service mandates, employee tenure requirements – many of the provisions in Senator Sweeney's bill could reduce the costs of shared services and consolidations, produce municipal savings and promote relief for our property taxpayers.

Other provisions of the proposal, however, raise serious concerns. **Accordingly, we oppose the bill in its current form.** We sincerely hope that our concerns will be addressed by further

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amendments to the bill. With such amendments, we could happily withdraw our opposition to S-2794.

Under the provisions of this bill, proposals for shared services or consolidation would be originated by LUARCC, acting either on a request from a municipality or a county, or on its own initiative. Once LUARCC develops a recommendation, it must notify the governing bodies that would be affected. A local unit can contest LUARCC's "total net savings estimate" to the Commissioner of DCA. Once the Commissioner renders a decision, (and, apparently, whether or not that decision supports LUARCC's estimate) the proposal can go to the Governor and the Legislature. The Legislature can veto the proposal by passing a concurrent resolution to that effect, within 30 days. If the Legislature does not do so, the proposal goes to the voters at the next general election. Prior to the vote, public hearings are required.

The bill would send a consolidation or shared service proposal, submitted by LUARCC, and not specifically vetoed by the Legislature, to the voters of the effected local governments for approval or rejection.

The most objectionable provision of the bill is found in Section 7.f. It provides that:

(1) If a majority of the voters of a municipality do not approve a shared services proposal, or if a municipality or other entity identified in a proposed shared services agreement does not enter into and implement the proposed shared services agreement within 14 months following voter approval, the State shall annually reduce the total amount of State aid allocated to that municipality or entity by the total net savings estimated in the proposal pursuant to subsection b. of section 7 of P.L.2007, c.54 (C.52:27D-507).

In other words, the voters would be threatened with the diminishment of future property tax relief funding, if they do not vote in favor of a LUARCC recommendation.

Beyond our confusion regarding the meaning of the term "State aid," **we must oppose any proposal which would**, on the one hand, allow the voters to express their will; but, on the other hand, **inform those voters that they will be punished, if their will does not comport with that of a majority of the appointed members of the LUARCC.**

It cannot be argued that taxpaying voters who democratically reject an option offered them by an agency of the State bureaucracy should, thereby, forfeit the right to property tax relief funding. As taxpaying citizens of the State of New Jersey, they must be allowed the unencumbered right to determine the future government of their communities. And they must be assured equitable access to the benefits secured by their own tax dollars.

We, further, oppose the imposition of a Legislative veto of a LUARCC proposal, instead of vesting that decision in local elected officials. Every Mayor and every member of a local governing body is elected by and must answer to the citizens who would be directly affected by a LUARCC proposal. Those local officials are intimately aware of local conditions and concerns. They, themselves, as citizens, will share in the consequences – both positive and not – that will flow from the implementation of a LUARCC proposal. A decision that could have lasting consequences for taxpaying citizens should be vested in the democratically elected body that best represents the interests of those citizens. In this case, the Legislature is, clearly, not that body.

Finally, we question the need for a plebiscite on every recommendation to be promulgated by LUARCC. Again, local officials can judge the merits of the recommendations more expeditiously and more economically than requiring each and every one to go before the voters. And locally elected officials are in the best position to determine those instances when a proposal needs to go before the voters.

Capable, honorable and committed local elected officials, who faithfully and selflessly serve in municipalities all around our Garden State, need to be involved in these decisions.

Other, more technical, concerns with the bill also need to be recognized and addressed. We would welcome the opportunity to work with the sponsor and with all interested legislators on improvements to this bill. We thank Senator Sweeney for allowing us to express our opinions on this, freely and openly. We appreciate his acceptance of many of our suggestions. But, **until our outstanding concerns are addressed, we will oppose the initiative.**

Again, I want you to know that we support shared services. In fact, the vast majority of municipalities are already involved in sharing of services. Many of them were initiated long before our current crisis. The Rutgers Center for Executive Leadership in Government, in partnership with the New Jersey League of Municipalities, recently released preliminary findings of a survey “...to ascertain the strategies that are being considered at the local level to close current and current and projected budget gap.” Some of the finding related as to how municipalities are utilizing shared services or privatization as a budget shortfall strategy.

Among the findings:

- 82% of the 170 municipalities responding had entered into a shared service agreement in the past year, mostly commonly for court administration, animal control and chief financial officers;

- 18% indicated they privatized some service, most commonly for public works functions, such as lawn maintenance, pothole repair and building maintenance;
- Among the 18% that privatized a service, the primary obstacles were citizen opposition and increased costs.
- 74% of the responding municipalities cite shared services in which it was the recipient of the service as the primary strategy to cope with a budget shortfall;
- 55% indicate a shared service agreement in which it was the provider was one of its strategies;
- it was difficult, at best, for them to specify the anticipated cost savings from such an arrangement. Respondents were fairly equally divided in their agreement/disagreement/uncertainty with the statement “shared service agreements bring about minimal cost savings.

Likewise, we support the work of LUARCC. The Commission was established to help facilitate the kind of shared services and/or consolidations efforts we need. The powers and financial recourses of LUARCC have been limited. It can and should be a tremendous resource to local officials.

There is no overnight cure to our property tax crisis. Shared services, consolidation, or other cost savings measures are long-term actions where benefits/savings may not be seen for a number of years down the road. The vast majority of mayors are willing to consider options, but do not want to see their citizens punished, if they disagree with decisions reached by LUARCC. We trust the judgment of the people who elected us. Legislators need to trust local officials to do the right thing when the situation warrants, as well. And we all need to work together.

The time has come for public servants at all levels of government and in all local units to put our heads together and work towards a serious approach that will benefit taxpayers in the long run.

Thank you.